



4008

ANNUAL REPORT

of

Name: KMC TELECOM III, INC

Principal Office: 1545 ROUTE 206
BEDMINSTER, NJ 07921

For the Year Ended: DECEMBER 31, 2001

**Alternative Telecommunications Utility --
Other Telecommunications Provider**

To

Public Service Commission of Wisconsin

Mailing Address:	P.O. Box 7854 Madison, WI 53707-7854
Courier Address:	610 N. Whitney Way Madison, WI 53705-2729
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Home Page:	http://psc.wi.gov

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2002 report is due April 1, 2003.) If that date falls on a weekend or holiday, the annual report is due the following business day.
2. **Electronic filing via e-mail is required unless additional provisional confidential treatment is desired.** Go to the Public Service Commission of Wisconsin's Web Page at <http://psc.wi.gov>, click on Telecommunications, click on Annual Report Programs and Worksheets, and click on Annual Report Program for Alternative Telecommunications Utility - Other Telecommunications Providers (OTH).
3. Alternative Telecommunications Utility-Other Telecommunications Provider (ATU-Other) entities with no revenues for the report year are required to file an OTH annual report.
4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to pertinent regulations.
5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses.
6. Wherever information is requested in a "note," please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Limited footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
7. Numeric items are limited to digits (0-9). Do not type commas when entering numbers. A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
8. Please report all dollar amounts to the nearest thousand dollars.
9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the previous year's data should be reported without modification. If modified, an appropriate footnote and explanation should be included in the current year's annual report.
11. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The OTH annual report program incorporates provisional confidentiality capability for the following item, based on the Commission's Information Regarding Confidential Filings decision dated February 24, 2003, as supplemented for the new Nonregulated Revenues category on the Operating Revenues schedule:
 - a. Operating Revenues (Particulars, Wisconsin-Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company columns) (pp. 14-15) (Miscellaneous Revenues and Nonregulated Revenues descriptions, other than Video Distance Learning and Directory appearing in the report form, contained in the Particulars column (column a) and respective dollar amounts reported for the Miscellaneous Revenues and Nonregulated Revenues categories in the columns labeled Wisconsin-

RULES FOR REPORTING

Based Intrastate, Wisconsin-Based Interstate, Wisconsin-Based Total, and Total Company);

- b. Central Office Data-End of Year (p. 19)
 - i. Integrated Service Digital Network (ISDN) Lines-In Use (BRI);
 - ii. ISDN Lines-In Use (PRI);
 - iii. xDSL Lines-In Use;
 - iv. Switched 56 lines in use;
 - v. Digital Transmission Facilities: DS-1-In use;
 - vi. Digital Transmission Facilities: DS-3-In use;
 - vii. Video Information Service-In use (# lines); and
 - viii. Fiber Transmission Facilities: No. of fiber strands working (LIT) in C.O.

If additional provisional confidential treatment is desired, please contact the Commission concerning required manual filing procedures. In this situation, do not file the annual report electronically using the program's e-mail filing capabilities.

- 13. It is not necessary to manually or electronically "sign" the signature page. It is not necessary to file a hardcopy annual report printout with the Commission.
- 14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files; Filing the Completed Report:**

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrcs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

- 15. **Name Changes:**

If a name change (e.g., the new name, the date of the change, and the affected entities with their respective four-digit Commission identification numbers) is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

RULES FOR REPORTING

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI.

These documents can be obtained by:

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at <http://wdfi.org>; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

A name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

16. Changes to the Annual Report Subsequent to Filing:

If making revisions to the report subsequent to an electronic filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

Revisions to an annual report previously filed on a manual basis also require a new complete manual filing.

17. Municipalities authorized by the Commission as competitive local exchange carriers (CLECs) should report only the CLEC-related amounts in the OTH annual report.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: KMC TELECOM III, INC
Utility Location: 1545 ROUTE 206
BEDMINSTER, NJ 07921

Utility Web Site Address: www.kmctelecom.com
Date utility authorized to provide service in Wisconsin: 06/24/1997
State in which utility was organized: Delaware
Organization type (e.g., corporation, partnership): Limited Liability Co
New Utility Name:

Effective Date:

Officer in charge of correspondence concerning this report

Name: JOHN MCLAUGHLIN, JR
Title: DIRECTOR
Firm/Company: KMC TELECOM III, INC
Office Address: 1755 NORTH BROWN ROAD
LAWRENCEVILLE, GA 30043

Fax Number: (678) 985 - 6213
Telephone Number: (678) 985 - 6261
Email Address: jmclau@kmctelecom.com

Individual or firm, if other than utility employee, preparing this report

Name:
Title:
Firm/Company:
Office Address:

Fax Number:
Telephone Number:
Email Address:

Name and address of the office where the utility's books are kept

Name: CONSTANCE LOOSEMORE
Title: VICE PRESIDENT
Firm/Company: KMC TELECOM LLL, INC
Office Address: 1545 ROUTE 206
BEDMINSTER, NJ 07921

Fax Number: (908) 470 - 2100
Telephone Number: (908) 470 - 2100
Email Address: cloose@kmctelecom.com

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: NOT APPLICABLE-WHOLLY OWNED BY KMC TELECOM HOLI
Address: 1545 ROUTE 206
BEDMINSTER , NJ 07921

Number of Shares Held: 0
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: N/A
Form of Interest: N/A
Extent of Interest: N/A

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues	214,707,893	65,183,440	1
OPERATING EXPENSES			
Access and Billing Expenses	0	9,711,073	2
Local Interconnection	21,707,563	21,707,563	3
Other Charges Imposed by Another Carrier	0	0	4
Communication System Operations	0	0	5
Sales and Marketing	15,199,496	5,966,292	6
Administrative and General	400,422,864	6,711,560	7
Depreciation and Amortization	104,220,000	12,803,306	8
Other	6,247,119	6,247,119	9
Total Operating Expenses	547,797,042	63,146,913	10
Net Operating Income	(333,089,149)	2,036,527	11
OTHER INCOME			
Nonoperating Income and Expense	97,899,607	18,353,956	12
Nonoperating Taxes	0	0	13
Interest and Related Items	142,603,741	53,326,961	14
Extraordinary Items	0	0	15
Nonregulated Net Income	0	0	16
Total Nonoperating Income	(44,704,134)	(34,973,005)	17
Net Income	(377,793,283)	(32,936,478)	18

Income Statement - Total Company Note:

Disclose additional material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable, including:

1. A summary of significant accounting policies, including, but not limited to, accounting policies related to pension cost, unbilled revenues, and income taxes.
2. The method of computing depreciation expense.

INCOME STATEMENT - WISCONSIN INTRASTATE OPERATIONS

Particulars (a)	Wisconsin Intrastate % This Year (b)	This Year (c)	Last Year (d)	
Operating Revenues	0%	4,951,816	4,607,692	1
OPERATING EXPENSES				
Access and Billing Expenses	0%	0	945,578	2
Local Interconnection	0%	1,667,117	1,357,475	3
Other Charges Imposed by Another Carrier	0%	0	0	4
Communication System Operations	0%	1,856,769	2,157,352	5
Sales and Marketing	0%	493,297	568,283	6
Administrative and General	0%	75,667	547,254	7
Depreciation and Amortization	0%	3,220,506	2,251,653	8
Other	0%	4,402,727	2,160,251	9
Total Operating Expenses	0%	11,716,083	9,987,846	10
Net Operating Income	0%	(6,764,267)	(5,380,154)	11
OTHER INCOME				
Nonoperating Income and Expense	0%	0	0	12
Nonoperating Taxes	0%	0	0	13
Interest and Related Items	0%	0	0	14
Extraordinary Items	0%	0	0	15
Nonregulated Net Income	0%	0	0	16
Total Nonoperating Income	0%	0	0	17
Net Income	0%	<u>(6,764,267)</u>	<u>(5,380,154)</u>	18

Income Statement - Wisconsin Intrastate Operations Note:

Please state the bases upon which the Wisconsin intrastate factors were developed and provide supporting calculations.

TOTAL COMPANY BALANCE SHEET - ASSETS

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
Cash and Cash Equivalents	96,228,000	128,000	1
Net Telecommunications Accounts Receivable	0	0	2
Net Other Accounts Receivable	61,518,000	12,225,000	3
Net Notes Receivable	0	0	4
Interest and Dividends Receivable	0	0	5
Materials and Supplies	0	0	6
Prepayments	0	0	7
Other Current Assets	0	0	8
TOTAL CURRENT ASSETS	157,746,000	12,353,000	
NONCURRENT ASSETS			
Investments in Affiliated Companies	0	0	9
Investments in Nonaffiliated Companies	0	0	10
Other Noncurrent Assets	3,608,000	802,000	11
Deferred Charges	0	0	12
TOTAL NONCURRENT ASSETS	3,608,000	802,000	
PLANT			
Telecommunications Plant in Service	1,032,625,024	91,673,000	13
Less: Accumulated Depreciation and Amortization	0	0	14
Net Property Held for Future Telecommunications Use	0	0	15
Net Nonoperating Plant	0	0	16
Telecommunications Plant Under Construction	0	0	17
Net Telecommunications Plant Adjustment	0	0	18
TOTAL PLANT	1,032,625,024	91,673,000	
TOTAL ASSETS AND OTHER DEBITS	<u>1,193,979,024</u>	<u>104,828,000</u>	

TOTAL COMPANY BALANCE SHEET - LIABILITIES AND CAPITAL

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts and Notes Payable to Affiliated Companies	40,309,000	468,000	1
Other Accounts and Notes Payable	66,902,000	6,465,000	2
Advance Billing and Payments	0	0	3
Customer Deposits	0	0	4
Current Maturities - Long-Term Obligations	0	0	5
Taxes Accrued	0	0	6
Other Current and Accrued Liabilities	0	0	7
TOTAL CURRENT LIABILITIES	107,211,000	6,933,000	
LONG-TERM DEBT			
Net Funded Debt	0	0	8
Obligations Under Capital Leases	0	0	9
Advances from Affiliated Companies	185,694,000	183,096,992	10
Other Long-Term Debt	0	29,207,000	11
TOTAL LONG-TERM DEBT	185,694,000	212,303,992	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities	0	0	12
Unamortized Investment Tax Credits	0	0	13
Net Noncurrent Deferred Income Taxes	0	0	14
Other Deferred Credits	6,214,000	1,996,000	15
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	6,214,000	1,996,000	
STOCKHOLDERS' EQUITY			
Capital Stock and Paid-In Capital	15,423,000	15,423,000	16
Other Capital	0	0	17
Retained Earnings	0	0	18
TOTAL STOCKHOLDERS' EQUITY	15,423,000	15,423,000	
TOTAL LIABILITIES AND OTHER CREDITS	314,542,000	236,655,992	

TOTAL COMPANY BALANCE SHEET - NOTES

Other information concerning the total company balance sheet.

RETAINED EARNINGS - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Balance - First of Year	0	0	1
Changes:			
Balance Transferred from Income	(377,793,280)	(32,936,478)	2
Dividends Declared	0	0	3
Miscellaneous Debits to Retained Earnings	0	0	4
Miscellaneous Credits to Retained Earnings	0	0	5
Balance - End of Year	<u>(377,793,280)</u>	<u>(32,936,478)</u>	6

TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION & AMORTIZATION - WISCONSIN

Plant Function (a)	Plant in Service FOY (b)	Additions (c)	Retirements (d)	
GENERAL SUPPORT				
Furniture	131,351	0	0	1
Office LHI	204,696			2
Computers	29,072			3
CENTRAL OFFICE				
Enter Description Here	0	0	0	4
INFORMATION ORIG./TERM.				
Telecom Electronics	2,532,909	0	0	5
CABLE WIRE FACILITIES				
Fiber Optic Cable	4,454,191	0	0	6
AMORTIZABLE				
Enter Description Here	0	0	0	7
TOTAL PLANT IN SERVICE	7,352,219	0	0	

**TELECOMMUNICATIONS PLANT IN SERVICE & ACCUMULATED DEPRECIATION &
AMORTIZATION - WISCONSIN (cont.)**

Plant Function (e)	Transfers / Adjustments (f)	Plant in Service EOY (g)	Acc. Depr. & Amortization EOY (h)	Net Plant in Service EOY (i)	
GENERAL SUPPORT					
Furniture	0	131,351	0	131,351	1
Office LHI		204,696		204,696	2
Computers		29,072		29,072	3
CENTRAL OFFICE					
Enter Description Here	0	0	0	0	4
INFORMATION ORIG./TERM.					
Telecom Electronics	0	2,532,909	0	2,532,909	5
CABLE WIRE FACILITIES					
Fiber Optic Cable	0	4,454,191	0	4,454,191	6
AMORTIZABLE					
Enter Description Here	0	0	0	0	7
TOTAL PLANT IN SERVICE	0	7,352,219	0	7,352,219	

OPERATING REVENUES

Particulars (a)	Wisconsin- Based Intrastate (b)	Wisconsin- Based Interstate (c)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail	2,131,518	570,026	1
Reciprocal Compensation & Interconnection	247,080		2
Private Line, Special Access & Unbundled Network Elements	2,573,218		3
Enter Other Description Here			4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge		289,369	5
Switched			6
Special			7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched			8
Special			9
Enter Other Description Here			10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Enter Description Here			11
LONG DISTANCE PRIVATE NETWORK REVENUES			
Enter Description Here			12
MISCELLANEOUS REVENUES			
Video Distance Learning	---CONF---	---CONF---	13
Directory	---CONF---	---CONF---	14
Enter Description Here	---CONF---	---CONF---	15
GROSS OPERATING REVENUES			
	4,951,816	859,395	
UNCOLLECTIBLE REVENUES			
Enter Description Here			16
TOTAL UNCOLLECTIBLE REVENUES	0	0	
TOTAL OPERATING REVENUES	4,951,816	859,395	

OPERATING REVENUES (cont.)

Particulars (d)	Wisconsin- Based Total (e)	Total Company (f)	
LOCAL NETWORK SERVICES REVENUES			
End User Retail	2,701,544	113,243,760	1
Reciprocal Compensation & Interconnection	247,080	16,700,000	2
Private Line, Special Access & Unbundled Network Elements	2,573,218	78,246,800	3
Enter Other Description Here	0		4
NETWORK INTERSTATE ACCESS SERVICE REVENUES			
End User Line Charge	289,369	6,517,333	5
Switched	0		6
Special	0		7
NETWORK INTRASTATE ACCESS SERVICE REVENUES			
Switched	0		8
Special	0		9
Enter Other Description Here	0		10
LONG DISTANCE NETWORK SERVICES MESSAGE REVENUES			
Enter Description Here	0		11
LONG DISTANCE PRIVATE NETWORK REVENUES			
Enter Description Here	0		12
MISCELLANEOUS REVENUES			
Video Distance Learning	---CONF---	---CONF---	13
Directory	---CONF---	---CONF---	14
Enter Description Here	---CONF---	---CONF---	15
GROSS OPERATING REVENUES	5,811,211	214,707,893	
UNCOLLECTIBLE REVENUES			
Enter Description Here	0		16
TOTAL UNCOLLECTIBLE REVENUES	0	0	
TOTAL OPERATING REVENUES	5,811,211	214,707,893	

AVERAGE NUMBER OF SUBSCRIBERS

Average Number of Subscribers (a)	Wisconsin-Based Total (b)	Total Companyl (c)	
Residential	0	0	1
Business	309	16,066	2
Total	309	16,066	3

NUMBER OF LIFELINE AND LINKUP CUSTOMERS

Number of Lifeline and Linkup Customers (a)	Wisconsin (Actual No.)(b)	
Number of Lifeline Customers in Wisconsin at December 31, 2001		1
Number of Linkup Customers in Wisconsin Connected During 2001		2

ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER

Particulars (a)	Wisconsin- Based Intrastate (b)	Wisconsin- Based Interstate (c)	
ACCESS AND BILLING EXPENSES			
Carrier Common Line (Intrastate IntraLATA)			1
Carrier Common Line (Intrastate InterLATA)			2
Carrier Common Line (Interstate)			3
Switched Access			4
Special Access			5
Billing and Collection Expenses			6
TOTAL ACCESS AND BILLING EXPENSES	0	0	
CHARGES IMPOSED BY ANOTHER CARRIER			
Expenses Related to Interconnection with Another Local Exchange Carrier's Facilities	1,667,117		7
Expenses Related to the Wholesale Use of Another Carrier's Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings			8
TOTAL CHARGES IMPOSED BY ANOTHER CARRIER	1,667,117	0	
TOTAL ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER	1,667,117	0	

ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER **(cont.)**

Particulars (d)	Wisconsin- Based Total (e)	Total Company (f)
ACCESS AND BILLING EXPENSES		
Carrier Common Line (Intrastate IntraLATA)	0	1
Carrier Common Line (Intrastate InterLATA)	0	2
Carrier Common Line (Interstate)	0	3
Switched Access	0	4
Special Access	0	5
Billing and Collection Expenses	0	6
TOTAL ACCESS AND BILLING EXPENSES	0	0
CHARGES IMPOSED BY ANOTHER CARRIER		
Expenses Related to Interconnection with Another Local Exchange Carrier's Facilities	1,667,117	21,707,563 7
Expenses Related to the Wholesale Use of Another Carrier's Network (Resale & Unbundled Network Elements) and Tariffed General Service Offerings	0	8
TOTAL CHARGES IMPOSED BY ANOTHER CARRIER	1,667,117	21,707,563
TOTAL ACCESS EXPENSES, BILLING EXPENSES & CHARGES IMPOSED BY ANOTHER CARRIER	1,667,117	21,707,563

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Rate Center Name	MADISON				1
Central Office (Switch) CLLI Code	MDSNWIUQDS0				2
Switch Location					3
Manufacturer of COE	LUCENT				4
Year COE Installed	1997				5
Type of Equipment	5ESS				6
(S)tandalone, (H)ost, (R)emote, (A)dv. Fiber Comm.	H				7
Remote Host Rate Center Name					8
Remote Host Switch CLLI Code					9
COE Generic Software Release No.					10
SS7?	Yes				11
9-1-1?	Yes				12
Access Lines - In Use	7,800				13
- Equipped	12,000				14
- Wired	12,000				15
Trunks - In Use	709				16
- Equipped	1,200				17
- Wired	1,200				18
ISDN Available?	No				19
ISDN Lines - In Use (BRI)					20
- In Use (PRI)					21
xDSL Available?	No				22
- In Use (# lines)	---CONF---				23
Switched 56 Service?	No				24
Switched 56 lines in use	---CONF---				25
Digital Transmission Facilities: DS-1 - In Use	---CONF---				26
DS-3 - In Use	---CONF---				27
Advanced Data Service Available:					
Packet Switching?	Yes				28
SMDS?	Yes				29
Frame Relay?	Yes				30
ATM (Asynchronous Trans. Mode)?	Yes				31
Video Information - Service Available?	No				32
- In Use (# lines) ¹	---CONF---				33
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.					34
No. of fiber strands working (LIT) in C.O.	---CONF---				35
No. of fiber strands for interoffice use					36
Miles of fiber sheath in wire center					37
Access Tandem Serving this C.O.:					
- Central Office Name					38
- Central Office CLLI Code					39
Does this C.O. do access tandem switching?	Yes				40

¹ Teleco provided end-to-end facility.

ASSESSABLE REVENUES

Description (a)	This Year (b)
Calculation of Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	
Gross Operating Revenues--Wisconsin (including outbound interstate revenues)	5,811,211 1
Less: Inbound Interstate Revenues (exclusive of uncollectible service revenues) Included in Line 1 (if any)	0 2
Less : Current Year Write-offs of Uncollectible Revenues	0 3
Plus: Current Year Collection of Operating Revenues Previously Written Off	0 4
Less : Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)	5
Plus: Nonregulated Net Write Off Amount (included on Lines 3 and 4)	6
Total Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	5,811,211 7

Assessable Revenues for Universal Service Fund Assessment Purposes

Wisconsin Gross Intrastate Operating Telecommunications Service Revenue	5,811,211 8
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Notes

"Gross Operating Revenues--Wisconsin" are revenues before consideration of uncollectible revenues. These revenues include revenues from inbound interstate 800 and collect calls billed to customers in Wisconsin.

"Outbound interstate revenues" are service operations revenues received from communications originating at points within Wisconsin and terminating at points outside the state.

"Inbound interstate revenues" are service operations revenues received from communications originating at points outside the State of Wisconsin and terminating at points within the state.

(NOT TO BE EXCLUDED HERE ARE INBOUND INTERSTATE 800 AND COLLECT REVENUES BILLED TO CUSTOMERS IN WISCONSIN).

"Gross" means revenue before consideration of uncollectible amounts. Access expenses may not be netted against assessable revenues.

"Intrastate" means telecommunications service originating and terminating within the State of Wisconsin. Intrastate revenue does not include interstate access revenue.

"Operating" means provision of telecommunications services.

"Telecommunications service revenue" for the purpose of this assessment does not include cable television service, broadcast service, rents, directory revenue, carrier billing and collection revenue, nonregulated customer premises equipment revenue, or other miscellaneous or nonregulated revenue. However, it does include video distance learning revenue and payphone revenue (the latter which was deregulated in 1997).

OTHER INFORMATION

Additional or other information concerning this annual report.

SCHEDULE AND REPORT NOTES

General Footnote

Schedule Footnotes
